

## Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SP-03 L-03 EB-11 AID-20 IGA-02 CIAE-00

INR-11 NSAE-00 RSC-01 COME-00 OPIC-12 DOTE-00 XMB-07

TRSE-00 PRS-01 DODE-00 DRC-01 /093 W

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R 121400Z AUG 74

FM AMEMBASSY PORT AU PRINCE

TO SECSTATE WASHDC 8393

C O N F I D E N T I A L PORT AU PRINCE 1550

E.O. 11652: GDS

TAGS: EAID, ETRN, HA

SUBJECT: PROBLEMS IN FINANCING HAITI'S HIGHWAYS

REF: (A) P-AU-P 1357; (B) STATE 170043

1. PRESIDENT DUVALIER, DURING TALK AUGUST 9, ASKED THAT  
USG USE WHATEVER INFLUENCE IT COULD WITH IDB TO OBTAIN  
ADDITIONAL LOAN FUNDING SO THAT SOUTHERN ROAD COULD BE  
BUILT. FOR NORTHERN ROAD, HE SAID PROBLEM SEEMED ON WAY  
TO SOLUTION, BUT DISCREPANCY BETWEEN LOW BID AND LOAN FOR  
SOUTHERN ROAD PRESENTED MAJOR PROBLEM. THIS ROAD WAS OF  
PRIMORDIAL IMPORTANCE FOR HAITI'S FUTURE, AND IF IT COULD  
NOT BE BUILT THERE MIGHT BE SERIOUS INTERNAL POLITICAL  
REPERCUSSIONS. HE INDICATED GOH CONSIDERING SEEKING LOANS  
FROM COMMERCIAL BANKING SOURCES FOR EXTRA AMOUNT NEEDED.  
(COMMENT: HE DID NOT APPEAR TO REALIZE THAT SUCH COURSE  
WOULD RUN COUNTER TO IMF STANDBY AGREEMENT. I PLAN TO DISCUSS  
POINT WITH IMF REP SIMONET TO ENSURE NO FALSE MOVES ARE  
TAKEN.)

2. I NOTED IDB TECHNICAL ANALYSIS OF CONTRACTORS' BIDS  
NOW IN PROCESS AND THAT, IN ANY EVENT, IT WOULD BE  
IMPORTANT FOR HAITI TO DEMONSTRATE TO INTERNATIONAL DONOR  
AGENCIES WHAT STEPS IT WOULD TAKE TO BRIDGE GAP ON THIS  
PROJECT. IN TIME OF SEVERE WORLDWIDE INFLATION AND CAPITAL  
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SHORTAGE I NOTED THAT GOVT SHOULD EXERCISE STRICTEST

POSSIBLE RESTRAINTS ON ITS NON-PRODUCTIVE BUDGETARY ITEMS, E.G., MILITARY EQUIPMENT, AND I SUGGESTED DIVERSION OF SUMS FROM CERTAIN CONTEMPLATED MILITARY ACQUISITIONS TO ROAD BUILDING PURPOSES MIGHT MAKE FAVORABLE IMPRESSION ON AGENCIES CONSIDERING SOUTHERN ROAD PROBLEM.

3. PRESIDENT ACKNOWLEDGED VALIDITY OF THIS COMMENT AND SAID THEY HAD ALREADY DECIDED TO DEFER CERTAIN ACQUISITIONS FOR THE VERY REASON CITED.

4. COMMENT: GROWING PUBLIC AWARENESS OF UNEXPECTED NEED FOR SUBSTANTIAL ADDITIONAL FUNDS FOR SOUTHERN ROAD HAS UNDOUBTEDLY CONTRIBUTED TO RUMORS--UNSUBSTANTIATED THUS FAR--THAT MINISTER PUBLIC WORKS PETIT HAD SUBMITTED RESIGNATION AND IT HAD BEEN ACCEPTED. PRESIDENT'S REMARKS INDICATED HIS AWARENESS THAT UNSETTLING EFFECTS OF THIS SETBACK MIGHT BE USED BY THOSE ALREADY CRITICAL OF HIS ADMINISTRATION. AS DEPT AWARE (REF A), I BELIEVE IT IMPORTANT TO DO WHATEVER WE CAN TO SEE THAT THIS SOUTHERN ROAD IS CONSTRUCTED WITHOUT FURTHER INDEFINITE DELAY. GOH INTEREST IN SEEING THIS DONE MAY GIVE US LEVERAGE TO SEEK RESTRAINT AND BETTER UTILIZATION OF OTHER FUNDS, NOTABLY "REGIE." I WOULD WELCOME DEPT'S REACTION TO A FURTHER DISCUSSION WITH PRESIDENT ELABORATING ON THE POINTS I MADE TO HIM AUGUST 9.  
ISHAM

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Disposition Authority:** izenbei0  
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**TAGS:** EAID, ETRN, HA, US, IDB, (DUVALIER, JEAN-CLAUDE)  
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